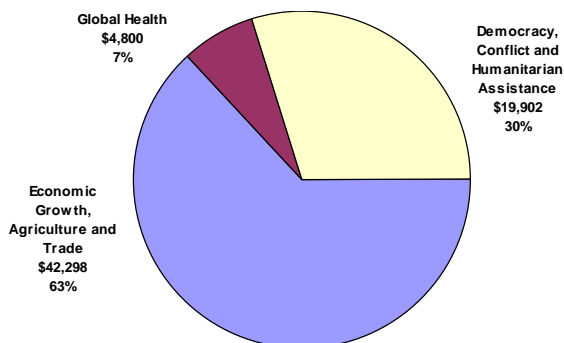
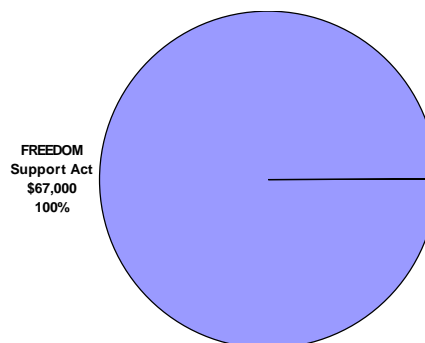


# Georgia

**FY 2006 Assistance by Sector**



**FY 2006 Assistance by Account**



## Objectives and Budget

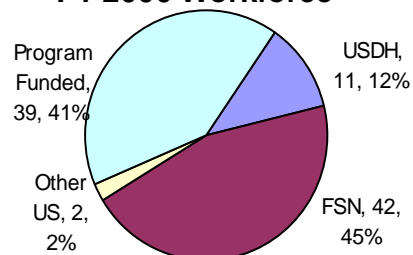
Objective	SO Number	FY 2004	FY 2005	FY 2006
Increased Economic Growth	114-0131	9,600	14,000	11,000
Energy and Environment	114-0151	12,448	13,400	10,000
Good Local Governance	114-0231	8,415	10,850	8,000
Social and Health Services	114-0340	9,777	11,825	9,000
Special Initiatives and Cross-Cutting Issues	114-0410	1,100		
Program Support	114-0420	4,168	5,575	5,050
Transfers		26,709	30,350	23,950
<b>Total (in thousands of dollars)</b>		<b>72,217</b>	<b>86,000</b>	<b>67,000</b>

Excludes P.L. 480. See Program Annex.

## Administrative Expenses and Workforce

Administrative Expenses	FY 2004	FY 2005	FY 2006
Mission Allocation	4,750	4,185	4,100
USDH Salaries & Benefits	1,984	1,787	1,826
Program Funds	3,194	2,919	2,919
<b>Total (in thousands of dollars)</b>	<b>9,928</b>	<b>8,891</b>	<b>8,845</b>

**FY 2006 Workforce**



**Mission Director:** Denny Robertson

**The Development Challenge:** Georgia's "Rose Revolution" has significantly refocused the Georgian public, its government, and the international community on the promotion of democracy, good governance, the rule of law, and sustainable social and economic development. On November 23, 2003, Georgia's President Edward Shevardnadze resigned in the wake of mass demonstrations and peaceful protests following the November 2nd Parliamentary elections, which observers condemned as fraudulent.

Shevardnadze's resignation ushered in a new reform-minded administration led by Mikheil Saakashvili, who was elected President on January 4, 2004. This brought to power a young, energetic, largely Western-educated team of reformers who declared themselves committed to accelerating reforms. The new government focused first on eliminating government corruption. Several high profile arrests were made and large numbers of employees were removed from agencies such as the Ministries of Justice and Internal Affairs. The government also began efforts to legitimize the shadow economy. In late 2004, Parliament proposed a financial amnesty bill that would allow citizens to register their undeclared assets and incomes in return for freedom from criminal charges or investigation. Reforms of many outdated legal codes, including the Criminal Procedure Code and the Administrative Code, are underway. All of the government ministries and agencies are being reconfigured and downsized to reduce redundancy, and various functions are being reorganized so that they are placed under more appropriate structures.

Georgia's commitment to reform has raised confidence in its economic management and, in turn, has attracted large inflows of bilateral and multilateral loans. In 2003, Georgia's debt to gross domestic product (GDP) ratio was almost 50%, and the country was some \$51 million in arrears. In June 2004, the International Monetary Fund approved a three-year Poverty Reduction and Growth facility equivalent to \$144 million, which enabled debt rescheduling and reduced Georgia's Paris Club debt service from \$169.2 million to \$46.4 million for the years 2004 - 2006. Due to the new administration's efforts to curb corruption, revenue collections almost doubled in 2004. This is a dramatic change from 2003, when Georgia's tax revenues were around 14% of GDP and among the lowest in the Commonwealth of Independent States. However, economic growth and foreign direct investment per capita remain low because of territorial conflicts, pervasive corruption, deteriorating infrastructure, unreliable energy, a perceived lack of contracts and property rights protection, structural impediments, and administrative barriers.

Georgia's ability to restore a reliable energy generation transmission and distribution sector will significantly impact its long-term economic growth. Reform and capital investment are necessary to more fully commercialize the sector, attract outside investment, and improve services. The energy sector continues to be among the Government of Georgia's (GOG) highest priorities. Nonetheless, energy independence, or even reliable energy, is years away and highly dependent on capital investment. In 2004 the state-owned United Electricity Distribution Company streamlined its staff, increased its electricity collections by over \$2.2 million, and almost tripled its payments to the Georgia Wholesale Electricity Market. Further progress in energy reforms is needed to achieve the ultimate goal of a reliable, financially stable energy supply. Until then, interruptions in generation and transmission will undercut economic growth and the quality of life.

The enthusiasm behind reform and the shift to the market economy has failed to meet the expectations for social improvements. Although the GOG has doubled monthly pensions from \$8 to \$16 and is now discussing needed systemic health and education reforms with donors, the country's low levels of new job creation and its low public health and education expenditures place its recent economic and political gains at risk. Fortunately, the current GOG welcomes assistance for social sector reform and has taken a much more proactive role in addressing these challenges.

The GOG has also made re-integration of breakaway territories a priority. In the spring of 2004 the autonomous region of Adjara was peacefully and rapidly reunited with Georgia. Over the long term, the GOG is also seeking solutions to the conflicts in South Ossetia and Abkhazia.

The U.S. Government's (USG) priorities in Georgia are to promote democratic reform, bolster regional stability, and foster economic growth. As a front-line state, Georgia continues to be a strong ally in the

Global War on Terrorism and currently has over 800 soldiers serving in Operation Iraqi Freedom. USAID is working in close collaboration with its partners to incorporate minority communities into its activities while promoting ethnic tolerance and conflict prevention. Georgia's location at the crossroads for east-west and north-south transit of goods and services positions it to benefit from trade expansion within the region and with Europe and the United States. Other U.S. national priorities in Georgia include the containment of organized crime and the trafficking of persons, arms, and narcotics. Strengthening Georgia's weak governmental institutions and fostering broad-based economic growth are essential to combat these dangers and other threats to U.S. homeland security.

**The USAID Program:** USAID's objectives support institutional changes that reinforce democracy, civil society, and the rule of law, improve the quality of public education and health services, increase incomes and economic development, promote energy sector reform, and support pressing issues (e.g., anti-corruption). Funds are being used to implement ongoing programs in agriculture, microfinance, banking sector reforms, energy sector reforms, local government management, rule of law, community development, health, and human services development.

USAID will begin support activities in economic policy and fiscal reform, small- and medium-sized enterprise finance and development, energy reform, community policing, education, and assistance to the GOG (e.g., President and Prime Minister's Office and ministries). In addition, USAID intends to use FY 2006 funds to start new activities in election reform and health. The program will focus on improving those economic, social, and democratic parameters that remain below the benchmarks for the more advanced developing countries of the region.

**Other Program Elements:** In addition to USAID's program management in Georgia, USAID's Global Health Bureau administers USAID's Child Survival Program, which funds technical assistance to reduce infant, child, and maternal mortality and morbidity. The Bureau for Economic Growth, Agriculture, and Trade manages the Farmer-to-Farmer Program, which provides short-term, U.S. volunteer technical assistance to increase farm and agribusiness productivity.

**Other Donors:** USAID has played a central role in donor coordination, and helped the U.S. prepare for the June 2004 Donor Meeting on Georgia in Brussels, which involved all donors. In 2004, Georgia was selected in the first round of countries eligible for funding through the Millennium Challenge Account. The United States and Germany are Georgia's first and second largest bilateral partners, working in the areas of poverty reduction, governance, and food security. Other major bilateral donors (listed in order of program size) include the United Kingdom (health and governance), Sweden (governance, poverty reduction, food security, and infrastructure), the Netherlands (infrastructure and governance), and Switzerland (governance, natural resource management, and humanitarian assistance).

Multilateral donors, listed in order of the size of their program, include: the World Bank (education reform, energy, and infrastructure); the International Monetary Fund; the European Bank for Reconstruction and Development (banking, energy, and small- and medium-sized enterprise development); the European Union (legal and administrative reform, conflict prevention, and infrastructure); the Organization for Security and Cooperation in Europe (conflict prevention); and the United Nations system/agencies, including the World Food Program, the United Nations Development Program, the United Nations Children's Fund, and the World Health Organization.

## Georgia PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2003 Actual	FY 2004 Actual	FY 2005 Current	FY 2006 Request
FREEDOM Support Act	87,184	72,217	86,000	67,000
PL 480 Title II	3,006	2,974	0	0
<b>Total Program Funds</b>	<b>90,190</b>	<b>75,191</b>	<b>86,000</b>	<b>67,000</b>

### STRATEGIC OBJECTIVE SUMMARY

114-0130 Increased Economic Growth				
FSA	13,200	0	0	0
114-0131 Increased Economic Growth				
FSA	0	9,600	14,000	11,000
114-0150 Energy and Environment				
FSA	8,750	0	0	0
114-0151 Energy and Environment				
FSA	0	12,448	13,400	10,000
114-0220 Rule of Law				
FSA	4,025	0	0	0
114-0230 Good Local Governance				
FSA	5,825	0	0	0
114-0231 Good Local Governance				
FSA	0	8,415	10,850	8,000
114-0310 Reduced Human Suffering				
FSA	9,950	0	0	0
114-0340 Social and Health Services				
FSA	0	9,777	11,825	9,000
114-0410 Special Initiatives and Cross-Cutting Issues				
FSA	0	1,100	0	0
114-0420 Program Support				
FSA	7,872	4,168	5,575	5,050
TRANSFER				
FSA	37,562	26,709	30,350	23,950

Mission Director,  
Denny Robertson

## Data Sheet

<b>USAID Mission:</b>	Georgia
<b>Program Title:</b>	Increased Economic Growth
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	114-0131
<b>Status:</b>	New in FY 2004
<b>Planned FY 2005 Obligation:</b>	\$14,000,000 FSA
<b>Prior Year Unobligated:</b>	\$940,000 FSA
<b>Proposed FY 2006 Obligation:</b>	\$11,000,000 FSA
<b>Year of Initial Obligation:</b>	2004
<b>Estimated Year of Final Obligation:</b>	2008

**Summary:** USAID's program includes economic and agricultural policy reforms, land privatization, agribusiness development, access to financial services for micro, small and medium-sized enterprises (SME), tax revenue enhancement efforts and railway restructuring assistance. While direct beneficiaries are the Government of Georgia (GOG) and private enterprises, all Georgians stand to gain from a growing, commercially sustainable private sector.

### Inputs, Outputs, Activities:

**FY 2005 Program:** Improving Economic Policy and Governance (\$5,101,000 FSA). Policy-related activities will help provide the appropriate policies, regulations, institutions, and economic governance to encourage private sector growth. USAID will work with the GOG to enact market-oriented economic policies such as laws on alternative dispute resolution, movable property registry, credit information bureau, secured transactions, bankruptcy, licensing, and leasing. USAID will continue to improve revenue administration through the Ministry of Finance by supporting transparency/anti-corruption initiatives to sustain new, higher revenue levels. USAID will continue to provide policy advice for the Ministry of Agriculture that will help strengthen its institutional capacity, facilitate the legal drafting, passage and implementation of the Veterinary, Food Safety, and Seed Laws, and the adoption of international standards for exports of agricultural products. Under the new phase of land privatization, USAID will work with the GOG to further privatize large tracts of agricultural land and promote the development of the land and real estate market. Principal contractors: Bearing Point (prime), Development Alternatives, Inc. (prime), and to be determined (TBD).

Strengthen the Financial Sector's Contribution to Economic Growth (\$3,272,000 FSA). USAID will support micro-, small- and medium-sized enterprises with increased access to finance, strengthened commercial and financial infrastructure, effective private sector advocacy, and improved management skills, inter-firm linkages, and business services. Under this effort, USAID anticipates transferring \$600,000 to the Development Credit Authority (DCA) to stimulate the growth of lending in the agricultural sector. USAID is supporting the long-term sustainability of lending institutions to provide access to financial services for microentrepreneurs and small enterprises, particularly rural and women borrowers. This assistance will conclude with the passage of legislative amendments to legalize and improve the operating and regulatory environment for microfinance institutions (MFIs), and the disbursement of 20 small grants for capacity building and at least one large institutional grant to a MFI. Principal contractors: Chemonics International (prime), Terra Institute (prime), Association for Protection of Landowners' Rights (sub).

Expanding and Improving Access to Economic and Social Infrastructure (\$1,572,000 FSA, \$940,000 FSA carryover). To increase efficiency and effectiveness of Georgian transportation, USAID will support the Georgian Railway (GR) to prepare a restructuring strategy that will help improve the GR's efficiency and capacity to manage increased volumes of European traffic as it offers strategically vital and potentially lucrative routes between Europe and Central Asia. Principal contractors: TBD.

Increase Agricultural Productivity (\$4,055,000 FSA). USAID will provide technical and sustainable financial assistance to improve the productivity and marketability of Georgian products with export market or import substitution demand. Assistance will be provided to at least 35 associations and 40 SMEs, generating over \$3.9 million in facilitated sales. Agricultural policy reform will also be supported. Principal contractors include: ACDI/VOCA (prime) and TBD.

**FY 2006 Program:** Improving Economic Policy and Governance (\$4,500,000 FSA). Assistance to the Ministry of Finance to improve revenue administration will remain a flagship effort. USAID will continue capacity building within the Ministry of Agriculture and prepare Georgian staff to continue without foreign advisors. It will also assist the GOG to design and implement economic policy change and commercial law reform. While working with the Ministry of Economic Development (MOED), the Ministry of Justice (MOJ), the National Bank of Georgia, and other GOG institutions, USAID will promote economic policy and legal initiatives such as reforming the licensing and standards regime, mortgage law reform, and liberalizing other aspects of commercial law. It will also support the MOED in implementing a new phase of agricultural land privatization, while assisting to the MOJ's National Agency of Public Registry to register land. USAID will also assist the MOJ in establishing a moveable property registry and supporting other institutional reforms to improve the business environment. Principal contractor: TBD.

Strengthen the Financial Sector's Contribution to Economic Growth (\$3,500,000 FSA). Targeted technical assistance will promote small- and medium-sized enterprise (SME) lending (including rural credit, bank on-lending to micro finance institutions, mortgage lending, and leasing), potentially to include establishment of DCA guarantee arrangements. Training, capacity building, and selected commodities will support commercial and financial infrastructure, such as a credit information bureau and strong commercial dispute resolution mechanisms. Selected private sector advocacy efforts also will be supported, such as revenue enhancement groups combating corruption and smuggling related to petroleum, alcohol, and tobacco products. Business service providers, business associations, and/or industrial clusters will be supported at the firm or cluster level. Principal contractor: TBD.

Increase Agricultural Productivity (\$3,000,000 FSA). USAID will further develop distribution channels, markets, and competitiveness of Georgian products while generating sales, investments, and jobs. Agricultural policy reform will also be supported. Principal contractor: TBD.

**Performance and Results:** USAID helped to achieve results in three main areas in FY 2004: 1) Improved policy and operating environment - the GOG cracked down on corruption and improved revenue administration, which resulted in an 84% increase in excise tax revenues; 2) Increased access to financial services - microfinance, rural credit, and leasing programs saw a steady growth in the credit portfolio: with 34,900 active borrowers and \$13.5 million in loans and leases outstanding at the end of FY 2004; and 3) Increased market-oriented sales - 10 new product lines and 13 new markets were identified, four producer associations organized, and 21 associations assisted, four new export products introduced, new product variety trials established, leasing transactions commenced, and \$284,451 in sales were facilitated. By the end of the strategy, the program will have resulted in the reform and implementation of laws necessary for a modern market economy, which will result in higher exports, foreign direct investment, and gross domestic product. State-owned enterprises will be restructured, financially sustainable rural lending and microfinance institutions will provide loans to their clients, and business associations will provide services to their members.

At the close of this objective, the number of registered private enterprises will have risen from 92,800 to 135,900; the number of jobs created directly attributable to USAID assistance will have grown from 24 to 5,490; and the number of jobs created indirectly attributable to USAID assistance will have almost tripled from 2,129 to 6,000.

## US Financing in Thousands of Dollars

**Georgia**

114-0131 Increased Economic Growth	<b>FSA</b>
<b>Through September 30, 2003</b>	
Obligations	0
Expenditures	0
Unliquidated	0
<b>Fiscal Year 2004</b>	
Obligations	8,660
Expenditures	385
<b>Through September 30, 2004</b>	
Obligations	8,660
Expenditures	385
Unliquidated	8,275
<b>Prior Year Unobligated Funds</b>	
Obligations	940
<b>Planned Fiscal Year 2005 NOA</b>	
Obligations	14,000
<b>Total Planned Fiscal Year 2005</b>	
Obligations	14,940
<b>Proposed Fiscal Year 2006 NOA</b>	
Obligations	11,000
Future Obligations	14,000
Est. Total Cost	48,600

## Data Sheet

<b>USAID Mission:</b>	Georgia
<b>Program Title:</b>	Energy and Environment
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	114-0151
<b>Status:</b>	New in FY 2004
<b>Planned FY 2005 Obligation:</b>	\$13,400,000 FSA
<b>Prior Year Unobligated:</b>	\$4,559,000 FSA
<b>Proposed FY 2006 Obligation:</b>	\$10,000,000 FSA
<b>Year of Initial Obligation:</b>	2004
<b>Estimated Year of Final Obligation:</b>	2008

**Summary:** This strategic objective further strengthens and develops Georgia's highly neglected energy production, supply, and distribution systems, while supporting the Government of Georgia (GOG) in the development and implementation of market-friendly energy sector policies and regulatory frameworks as state-owned utilities move towards privatization. USAID's emphasis is three-fold: a) improved financial and commercial performance of energy sector entities; b) development of a more diversified, renewable, cost effective, and environmentally sustainable energy supply; and c) improved energy sector efficiency with subsequent increases in capital and operating resources.

### Inputs, Outputs, Activities:

**FY 2005 Program:** Expand and Improve Access to Economic and Social Infrastructure (\$6,850,000 FSA, \$1,958,000 FSA carryover, \$1,147,000 FSA prior year recoveries). To improve the supply and distribution of energy resources, USAID will provide technical assistance (TA) and training to implement the GOG's national energy strategy and improve the financial state of the sector. These activities will promote and ensure energy independence, provide assistance to socially vulnerable groups, increase energy efficiency, and modernize and rehabilitate the bankrupt electric power sector. The level of funding for this activity is linked to the GOG meeting specific benchmarks, most of which are keyed to the national energy strategy. GOG continuance of a USAID-funded, electricity distribution company management contract through 2006 demonstrates continued commitment to such reform. Additional efforts link sustainable natural resource management with rural energy systems design, rehabilitation, development, and financing (e.g., local credit and/or Development Credit Authority). Principal contractors: PA Consulting (prime), Winrock International (sub), TBD.

Improve Sustainable Management of Natural Resources and Biodiversity (\$2,420,000 FSA, \$380,000 FSA carryover). USAID will support community-level energy and environmental planning to assist in the design, implementation, and monitoring of energy systems that promote environmental stewardship and sustainable natural resource management. USAID's successful efforts to link sustainable natural resource management with the restoration of small-scale hydropower systems and the development of alternative and renewable energy systems for rural populations will be incorporated into an FY 2005 follow-on activity that will expand this assistance to rural Georgia. To promote regional water coordination among the countries of Georgia, Armenia, and Azerbaijan, USAID will initiate a follow-on activity to further address critical regional water issues (water quality, environment, etc.) and will continue the positive dialogue initiated among the three governments, while advancing the concept of sound river basin planning. Principal contractors: PA Consulting (prime), Winrock International (sub.), Horizonti (prime), TBD.

Improve Economic Policy and Governance (\$3,530,000 FSA, \$1,074,000 FSA carryover). To carry out the various and complex energy sector reforms facing the GOG, USAID will provide direct advisory support and TA to the Ministry of Energy, focusing on energy policy and institutional reform, energy planning, management information systems, and legal and regulatory issues. The activity is developing and designing programs in public relations, awareness, and participation for broad release to the Georgian public. A new activity will extend technical assistance (TA) to promote utility reform across the energy and water sectors. Principal contractors: CORE International (prime), TBD.



Promote Public-Private Alliances as a Principal Business Model (\$600,000 FSA). There is significant U.S. private interest in developing projects with USAID in the energy and environmental sectors. USAID will develop joint projects focused on energy distribution, management, infrastructure reforms, and energy access for rural communities. Principal contractors: TBD.

**FY 2006 Program:** Expand and Improve Access to Economic and Social Infrastructure (\$3,500,000 FSA). USAID will continue to provide TA and training to implement the GOG's national energy strategy and improve the financial state of the sector. The USAID-funded electricity distribution company management contract will be financed through FY 2006. USAID's rural energy activities will continue to design and finance community energy infrastructure. Principal contractors: PA Consulting (prime), Winrock International (sub.).

Improve Sustainable Management of Natural Resources and Biodiversity (\$2,000,000 FSA). USAID plans to continue a rural, community-based energy and environment activity, promoting energy production with watershed conservation, reforestation, and fuel wood substitution to reduce pressure on forests. USAID will continue to promote regional water coordination among the countries of Georgia, Armenia, and Azerbaijan through its Regional Water Management 2 initiative. Principal contractors: PA Consulting (prime), Winrock International (sub), Horizonti (prime), TBD (prime).

Improve Economic Policy and Governance (\$4,000,000 FSA). USAID intends to continue to provide direct advisory support and TA to the GOG in the areas of utility reform, energy policy and institutional reform, energy planning, management information systems, legal and regulatory issues, and public awareness. Principal contractors: CORE International (prime), TBD (prime).

Promote Public-Private Alliances as a Principal Business Model (\$500,000 FSA). USAID will continue and/or expand alliances built in FY 2005 and possibly develop new activities with other interested private sector entities. Principal contractors: TBD.

**Performance and Results:** This SO met expectations in FY 2004, despite a high level of GOG interference in sector operations and lack of movement in reform prior to the Rose Revolution. In the first quarter of FY 2004, the new GOG -- in conjunction with international donors and contractors managing the state-owned Georgian Wholesale Electricity Market (GWEM), the transmission and dispatch company (GSE), and the United Electricity Distribution Company (UEDC) -- began to reduce corruption (and thus leakage of revenues) and improve management processes and systems. USAID TA produced notable increases in retail (consumer) collection rates from 17% to 28.8%, making it possible to finance a portion of winter imports from cash flow. The main impact of USAID's technical assistance on wholesale payments to GWEM has been through the UEDC management contract by: assisting UEDC pay off over \$6 million in bank loans and old debts incurred by prior management; pay taxes and salaries on time and in full; introduce entirely new management systems throughout the organization; improve billing and collections through re-metering; attack corruption through the dismissal of cash collectors; reorganize purchasing authority in UEDC; and form a commercial security service that turned over 50 corruption-related cases to the prosecutor's office. USAID assisted the Ministry of Energy to coordinate sector entities and analyze energy demand and production in order to formulate how to fill the deficit in supply.

At the close of this objective, subsidies for electricity customers will have dropped by 75% from \$31.1 million to \$7.8 million and the number of customers with a predictable energy supply will have quadrupled from 450,000 to 1,800,000.

## US Financing in Thousands of Dollars

**Georgia**

114-0151 Energy and Environment	<b>DCA</b>	<b>FSA</b>
<b>Through September 30, 2003</b>		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
<b>Fiscal Year 2004</b>		
Obligations	296	8,739
Expenditures	0	2,266
<b>Through September 30, 2004</b>		
Obligations	296	8,739
Expenditures	0	2,266
Unliquidated	296	6,473
<b>Prior Year Unobligated Funds</b>		
Obligations	0	4,559
<b>Planned Fiscal Year 2005 NOA</b>		
Obligations	0	13,400
<b>Total Planned Fiscal Year 2005</b>		
Obligations	0	17,959
<b>Proposed Fiscal Year 2006 NOA</b>		
Obligations	0	10,000
Future Obligations	0	13,400
Est. Total Cost	296	50,098

## Data Sheet

<b>USAID Mission:</b>	Georgia
<b>Program Title:</b>	Good Local Governance
<b>Pillar:</b>	Democracy, Conflict and Humanitarian Assistance
<b>Strategic Objective:</b>	114-0231
<b>Status:</b>	New in FY 2004
<b>Planned FY 2005 Obligation:</b>	\$10,850,000 FSA
<b>Prior Year Unobligated:</b>	\$1,362,000 FSA
<b>Proposed FY 2006 Obligation:</b>	\$8,000,000 FSA
<b>Year of Initial Obligation:</b>	2004
<b>Estimated Year of Final Obligation:</b>	2008

**Summary:** The challenge facing Georgia's democratic transition can be defined by two seemingly inconsistent problems: a weak Government of Georgia (GOG) that is struggling to address the problems faced by Georgian citizens; and a centralization of power in the hands of a single charismatic leader. To respond, USAID will strengthen simultaneously both the reforming state and the checks and balances on it. USAID will also extend the program to the Adjara region which was re-integrated into Georgia in spring 2004.

### Inputs, Outputs, Activities:

**FY 2005 Program:** Strengthen Democratic National Governance Institutions (\$4,900,000 FSA). USAID will assist the President and Prime Minister to improve office management and inter-ministerial coordination. The assistance also will provide long- and short-term technical advisors, equipment, and training to the State Chancellery, the Parliament, and key ministries such as Justice, Culture and Youth, Education, and Foreign Affairs. This activity will include support for government institutions in Adjara and will advance public administration reform, build governmental capacity, and reduce opportunities for corruption by streamlining operations, increasing transparency, and enhancing public sector accountability. USAID also will continue to assist the Ministry of Education to conduct a public relations campaign for education system reform. Principal grantees: National Democratic Institute (NDI), American Councils for International Education, to be determined (TBD).

Improve Justice Sector/Legal Framework (\$2,600,000 FSA, \$331,000 FSA carryover, \$200,000 FSA prior year recoveries). Rule of law activities will continue to support changes to the court system and judicial structures, improve judicial qualification processes, develop a judicial disciplinary code, develop Magistrate qualification standards, and ensure that Adjara courts receive assistance. Activities will help the GOG combat trafficking in persons, amend legislation not in compliance with the Administrative Code, and help implement the Administrative Code. Principal grantees: American Bar Association's Central European and Eurasian Law Initiative (ABA/CEELI), Center for Institutional Reform and the Informal Sector at the University of Maryland.

Support Democratic Local Government and Decentralization (\$1,000,000 FSA, \$125,000 FSA prior year recoveries). The Communities Empowered for Local Decision-Making (CELD) program will promote community participation in local government reform. CELD will work at the national level to strengthen the role of local government associations and promote an improved legislative framework for decentralization. The activity will engage directly with citizens, raise awareness about roles and responsibilities, and create demand for a reliable and responsive public service provision. Principal grantee: Urban Institute.

Strengthen Democratic Political Parties (\$650,000 FSA, \$397,000 FSA carryover). USAID will promote youth participation in politics, including training youth to run for political office, developing youth wings of political parties, and fostering a youth-in-politics non-governmental organization (NGO). In addition, USAID will conduct country-wide polling to assist democratic political parties in Georgia focus their messages to address constituent concerns. Principal grantee: International Republican Institute (IRI).

Strengthen Civil Society (\$700,000 FSA, \$309,000 FSA carryover). This project will incorporate civic education into the GOG's education reform. It will also work at the community level to assist schools to promote democratic values. USAID will also manage an activity aimed at instilling values among the region's youth. The television program Kids' Crossroads will be produced by, for, and about adolescents in the Caucasus. Principal grantee: Internews, TBD.

Protect Human Rights and Equal Access to Justice (\$1,000,000 FSA). The activity will promote tolerance and understanding among Georgia's various religious and ethnic minorities, reach out to communities in isolated regions of the country, and enhance the respect for human rights. This activity will highlight the constructive role that law enforcement officials play in the community and will reinforce the GOG's efforts to reform the police. Principal grantee: TBD.

**FY 2006 Program:** Strengthen Democratic National Governance Institutions (\$2,500,000 FSA). Contingent upon the progress and will for reform within the GOG, USAID will maintain a robust assistance program to the President and Prime Minister to improve office management and inter-ministerial coordination. Assistance will also be provided to the State Chancellery, the Parliament, and key ministries such as Justice, Culture and Youth, Education, and Foreign Affairs. This activity will include support for government institutions in Adjara and will advance public administration reform, build governmental capacity, and reduce opportunities for corruption by streamlining operations, increasing transparency, and enhancing public sector accountability. Principal contractors: TBD.

Improve Justice Sector/Legal Framework (\$1,200,000 FSA). USAID will seek to increase the independence of the judiciary and improve the legal framework. Principal contractors: TBD.

Protect Human Rights and Equal Access to Justice (\$800,000 FSA). USAID will promote tolerance and understanding among Georgia's various religious and ethnic minorities and enhance respect for human rights. Principal contractors: TBD.

Strengthen Civil Society (\$500,000 FSA). USAID will continue to support civic education approaches in the GOG's education reform agenda while working at the community level to assist schools to promote democratic values. Principal contractors: TBD.

Strengthen Democratic Political Parties (\$1,000,000 FSA). USAID will promote youth participation in politics and galvanizing the youth vote in the municipal elections. Elections assistance will support get-out-the-vote campaigns and voter education. USAID will continue to strengthen Parliament of Georgia. Principal grantees: NDI, IRI.

Support Democratic Local Government and Decentralization (\$2,000,000 FSA). Local government efforts will scale up in FY 2006 with programs active in 30 municipalities around the country. Emphasis will be placed on building the capacity of new local government officials that will be elected into office in the spring of 2006. Principal contractors: TBD.

**Performance and Results:** In FY 2004, support for NGOs and an independent judiciary laid critical groundwork for those who protested elections fraud, eventually toppling the Shevardnadze regime. Twenty municipalities improved their service delivery, benefiting almost 575,000 people. USAID's media support contributed to balanced, professional election coverage and expanded the television advertising market from \$3 million to \$7 million. By the end of the strategy, USAID will have helped implement public administrative reform and implementation of laws and procedures necessary for modernizing and streamlining operations of key ministries. Opportunities for corruption will have been reduced by streamlining government operations, increasing transparency, and enhancing public sector accountability. The percentage of citizens who believe that their local government responds positively to citizens' input will have doubled from 20% to 40%; the average number of days to complete a court case will have dropped from 165 to 60 days; and the percentage of community public meetings with national representation in targeted areas will have grown from 0% to 20%.

## US Financing in Thousands of Dollars

**Georgia**

114-0231 Good Local Governance	<b>FSA</b>
<b>Through September 30, 2003</b>	
Obligations	0
Expenditures	0
Unliquidated	0
<b>Fiscal Year 2004</b>	
Obligations	9,178
Expenditures	959
<b>Through September 30, 2004</b>	
Obligations	9,178
Expenditures	959
Unliquidated	8,219
<b>Prior Year Unobligated Funds</b>	
Obligations	1,362
<b>Planned Fiscal Year 2005 NOA</b>	
Obligations	10,850
<b>Total Planned Fiscal Year 2005</b>	
Obligations	12,212
<b>Proposed Fiscal Year 2006 NOA</b>	
Obligations	8,000
Future Obligations	10,850
Est. Total Cost	40,240

## Data Sheet

<b>USAID Mission:</b>	Georgia
<b>Program Title:</b>	Social and Health Services
<b>Pillar:</b>	Global Health
<b>Strategic Objective:</b>	114-0340
<b>Status:</b>	New in FY 2004
<b>Planned FY 2005 Obligation:</b>	\$11,825,000 FSA
<b>Prior Year Unobligated:</b>	\$500,000 CSH; \$136,000 FSA
<b>Proposed FY 2006 Obligation:</b>	\$9,000,000 FSA
<b>Year of Initial Obligation:</b>	2004
<b>Estimated Year of Final Obligation:</b>	2009

**Summary:** This program will improve social and health services and change behavior. It includes technical assistance for education system reform, community mobilization, small-scale public works, job creation, engaging youth, conflict prevention, technical assistance for healthcare reform, partnerships between Georgian and U.S. health care institutions, primary healthcare, infectious disease control programs (tuberculosis, STI/HIV, immunization), women's healthcare, and strengthening health management information systems.

### Inputs, Outputs, Activities:

**FY 2005 Program:** Protect and Increase the Assets and Livelihoods of the Poor during Periods of Stress (\$2,600,000 FSA, \$136,000 FSA carryover). One activity encourages communities to address their own health, educational, and employment needs by organizing to create short-term jobs that improve local infrastructure. A new activity supports the well-being of street children through mobile outreach services and will provide some 1,300 street children with basic services such as shelter, food, clothing, and medical assistance. Informal creative and educational activities, vocational training, and psycho-social assistance will also be provided. Participating psychologists and social workers will be trained. Principal grantees: CHF International (prime) and Save the Children (prime).

Improve Community-Based Reconciliation Efforts (\$900,000 FSA). A new program promotes youth and youth clubs through informal education and activities that focus on training in conflict resolution, languages, NGO and business development, social service, sports, and outdoor activities. Clubs will open in 24 schools, serving approximately 1,000 beneficiaries through club activities, summer camps, and outreach activities. Principal grantee: Catholic Relief Services (prime).

Improve the Quality of Basic Education (\$1,525,000 FSA). A new secondary education activity will help reform Georgia's education system. Principal grantee: to be determined (TBD).

Prevent and Control Infectious Diseases of Major Importance (\$2,000,000 FSA). Activities will focus on the prevention of infectious diseases, support to the Government of Georgia's (GOG) national immunization program, and the expansion of Directly Observed Therapy short-courses to ensure effective diagnosis and treatment of tuberculosis in Tbilisi and eventually nationwide. Principal contractors/grantees: Medical Service Corporation International, Abt Associates, and UNICEF (all prime).

Reduce Transmission and Impact of HIV/AIDS (\$1,100,000 FSA). Several programs aim to prevent STI/HIV among targeted high-risk groups, with possible expansion to include Abkhazia. Principal grantee: Save the Children (prime).

Build Health Systems Capacity (\$3,000,000 FSA). Health partnerships will improve the access of rural populations to quality primary health care. The program will help reform health care financing, reproductive health and family planning policy, support effective models of health care delivery and financing, improve transparency and accountability in health care costs and management, and advocate for increased public expenditures on health at the national/regional level. A new activity will set health

services standards to support health reform implementation. Principal contractors/ grantees: American International Health Alliance (AIHA), Abt Associates (primes) and TBD.

Reduce Unintended Pregnancy and Improve Healthy Reproductive Behavior (\$700,000 FSA, \$500,000 CSH carryover). The Healthy Women in Georgia activity will develop three model centers for women's health care that will meet quality standards through improved clinical skills and medical knowledge and increase public information concerning women's health issues. Principal contractors: John Snow Inc. (prime).

**FY 2006 Program:** Protect and Increase the Assets and Livelihoods of the Poor during Periods of Stress (\$2,600,000 FSA). USAID will continue to improve rural livelihoods, generate jobs, prevent conflict, and improve educational and health programs through the Georgia Employment and Infrastructure Initiative. Principal grantee: CHF (prime)

Improve Community-Based Reconciliation Efforts (\$800,000 FSA). USAID will continue to promote youth and youth clubs through non-formal education and interaction activities that focus on trainings in conflict resolution, languages, NGO and business development, social service, sports, and outdoor activities. Principal grantee: Catholic Relief Services (prime).

Improve the Quality of Basic Education (\$800,000 FSA). USAID will provide technical assistance to help reform Georgia's secondary education system. Principal grantee: TBD

Reduce Unintended Pregnancy and Improve Healthy Reproductive Behavior (\$700,000 FSA). USAID plans to continue with activities begun in FY 2005, which will contribute to results in Georgia's new more positive environment. Principal contractors/grantees: TBD

Reduce Transmission and Impact of HIV/AIDS (\$900,000 FSA). Projects related to HIV/AIDS will continue to be implemented. Principal contractors and grantees: TBD

Prevent and Control Infectious Diseases of Major Importance (\$1,100,000 FSA). Projects related to TB and immunization will continue to support health reforms in Georgia. Principal contractors and grantees: TBD

Build Health Systems Capacity (\$2,100,000 FSA). The program will continue health partnerships. Principal contractors and grantees: American International Health Alliance, Abt Associates (primes) and TBD.

**Performance and Results:** In FY 2004, over 580 mobilized communities implemented 1,335 projects benefiting more than 1,126,000 Georgians. The Feeding Kitchens Program met the daily caloric needs of some 4,455 vulnerable pensioners. Youth-related projects and clubs benefited 55,000 youth. Health programs consolidated successful models in health care service delivery, improved the quality of services, combated infectious diseases and strengthened women's and infants' health care services. The overall child immunization level reached 80.5%. An emergency pediatric center was opened at the Children's Central Hospital. Under the STI/HIV prevention program, interventions reached over 1,200 commercial sex workers, 575 clients, 313 males having sex with males, over 4,000 intravenous drug users (IDUs), and 639 partners of IDUs. By the end of the strategy, hundreds of Georgian medical professionals will have been trained, HIV/AIDS and tuberculosis will have been contained, health and education reforms carried out, and at least 400 of Georgia's rural communities will have completed local projects.

At the close of this objective, the share of local contributions to community initiatives will have risen from 20% to 45%; the number of initiatives undertaken independently by USAID program alumni will grow from zero to 260; the Diphtheria, Pertussis and Tetanus vaccination rates will have risen from 80% to 95%; and the contraceptive prevalence rate will have grown from 40.5% to 43%.

## US Financing in Thousands of Dollars

**Georgia**

114-0340 Social and Health Services	<b>CSH</b>	<b>FSA</b>
<b>Through September 30, 2003</b>		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
<b>Fiscal Year 2004</b>		
Obligations	3,000	12,240
Expenditures	0	1,808
<b>Through September 30, 2004</b>		
Obligations	3,000	12,240
Expenditures	0	1,808
Unliquidated	3,000	10,432
<b>Prior Year Unobligated Funds</b>		
Obligations	500	136
<b>Planned Fiscal Year 2005 NOA</b>		
Obligations	0	11,825
<b>Total Planned Fiscal Year 2005</b>		
Obligations	500	11,961
<b>Proposed Fiscal Year 2006 NOA</b>		
Obligations	0	9,000
Future Obligations	0	11,825
Est. Total Cost	3,500	45,026



## Data Sheet

<b>USAID Mission:</b>	Georgia
<b>Program Title:</b>	Program Support
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	114-0420
<b>Status:</b>	Program Support Objective
<b>Planned FY 2005 Obligation:</b>	\$5,575,000 FSA
<b>Prior Year Unobligated:</b>	\$1,103,000 FSA
<b>Proposed FY 2006 Obligation:</b>	\$5,050,000 FSA
<b>Year of Initial Obligation:</b>	2004
<b>Estimated Year of Final Obligation:</b>	2005

**Summary:** This program support objective contributes to the implementation of USAID's strategy for Georgia. Cross-cutting activities include short-term and academic training, institutional human resource assessment and analysis, small grant-making to indigenous non-governmental organizations (NGOs), regional cooperation among the three Caucasus countries, program development and evaluation, and support costs.

### Inputs, Outputs, Activities:

**FY 2005 Program:** Participant Training (\$1,400,000 FSA). This training program supports USAID's strategy for Georgia and will improve the performance of Georgians in their professional settings. In FY 2005, USAID will implement a training plan that will identify critical skill and knowledge deficiencies or performance gaps of Georgian partner organizations to be addressed through training. The participant training program will assist with institutional changes needed to advance reforms in Georgia. USAID also ensures that training is applied in the workplace by encouraging alumni from the training program to share experiences with others. USAID will work on capacity-development of local training providers through proposal writing and management workshops. Principal grantee: World Learning, Inc. (prime).

Small Grants and South Caucasus Cooperation (\$2,025,000 FSA). In FY 2005, the Eurasia Foundation will fund small grants in less developed regions of Georgia aimed at promoting transparency and accountability, civic awareness activities for youth, economic policy, public administration and municipal government reform, and tourism promotion. In addition, the Eurasia Foundation will fund specially designed public awareness campaigns with participation of the local broadcast and print media.

As part of its South Caucasus Cooperation Program, the Eurasia Foundation will provide support to the region's nascent think tanks to conduct research and provide policy recommendations to their respective governments. Integration with European and international conventions and standards will form the broad umbrella for this initiative, which addresses the inclusion of the South Caucasus countries into the European Union's European Neighborhood Policy. Additionally, the Eurasia Foundation plans to expand its work in the field of trans-boundary water resource management and conduct a baseline study to identify cross-border agribusiness opportunities. The Eurasia Foundation will also provide support to "Crossroads," a regional news magazine produced by Internews outlets in Armenia, Azerbaijan, and Georgia that broadcasts to all three countries in Russian. Principal grantee: Eurasia Foundation (prime).

Community Connections/Exchanges (\$600,000 FSA, \$600,000 FSA carryover). The broad public diplomacy goal of the Community Connections program is to contribute to economic and democratic reform and to promote mutual understanding in Eurasia through exposure to U.S. society and personal connections with Americans. Through local community host organizations in the United States, entrepreneurs, local government officials, legal professionals, non-governmental organizational leaders, and other professionals from Georgia will be provided with a three to five week training program in the U.S. tailored to their professional or business interests. Principal contractor: Academy for Educational Development (AED) (prime), to be determined (TBD).

Program Development and Support (\$1,500,000 FSA, \$503,000 FSA carryover). Funds include support staff salaries, benefits and training, assessments, evaluations and audits, administrative expenses, such as office rent, utilities and maintenance, security costs, etc.

Small Project Assistance (\$50,000 FSA). This activity enables Peace Corps Volunteers to conduct low-cost, grassroots sustainable development activities. The activity promotes and supports economic growth and agricultural development, builds human capacity through education and training, protects human health and environment, and integrates women into the economic and social development of their communities. Principal agency: Peace Corps (prime).

**FY 2006 Program:** Participant Training (\$1,500,000 FSA). To assist with the institutional changes needed to advance reforms in Georgia, USAID will continue to support participant training. Principal contractor: TBD.

Community Connections/Exchanges (\$500,000 FSA). Support for Community Connections will continue as listed above. Through local community host organizations in the United States, entrepreneurs, local government officials, legal professionals, non-governmental organizational leaders, and other professionals from Georgia will be provided with a three to five week training program in the U.S. tailored to their professional or business interests. Principal contractor: TBD.

Eurasia Foundation (\$1,500,000 FSA). The Eurasia Foundation will continue to support activities identified above. Annual operating plans will be set out against evaluation of past performance and progress toward future goals, and will support USAID's strategy for Georgia. Principal grantee: Eurasia Foundation.

Program Development and Support (\$1,500,000 FSA). Funds include program staff salaries, benefits and training; assessments, evaluations and audits; administrative expenses, such as office rent, utilities and maintenance, security costs, etc.

Small Project Assistance (\$50,000 FSA). This activity will continue supporting economic growth and agricultural development, building human capacity through education and training, protecting human health and environment, integrating women into the economic, political and social development of their communities and the country. Principal agency: Peace Corps (prime).

**Performance and Results:** In FY 2004, through World Learning, USAID contributed to the development and strengthening of Georgian skills through targeted training activities. A total of 51 training programs were implemented, including 20 in-country, nine U.S.-based, and 22 third-country events. A total of 1,469 Georgians (40% women) from civil society, the private sector, and government benefited from training in the areas of democracy and governance, energy and environment, social transition, health, and economic growth. Seven follow-on grants were awarded to advance the utilization of the training provided.

In FY 2004, the Eurasia Foundation awarded a total of 30 grants and provided technical assistance through its Georgian country office and its regional program, the South Caucasus Cooperation Program (SCCP). The Foundation spent \$1,166,292 delivering 20 grants and providing technical assistance through its Georgia program. It also spent \$590,470 delivering 10 grants and providing technical assistance to Georgian partners through the SCCP regional program. Grants awarded in Georgia totaled \$1,756,762 million.

By the end of the strategy, thousands of Georgians will have been trained, hundreds of grants awarded to Georgian nongovernmental organizations, helping Georgia to carry out reforms and implement laws and procedures necessary for modernizing its government and industries. Opportunities for corruption will have been reduced by grant support to nongovernmental organizations promoting transparency and public sector accountability.

## US Financing in Thousands of Dollars

**Georgia**

114-0420 Program Support	<b>ESF</b>	<b>FSA</b>
<b>Through September 30, 2003</b>		
Obligations	228	30,343
Expenditures	228	25,572
Unliquidated	0	4,771
<b>Fiscal Year 2004</b>		
Obligations	0	5,710
Expenditures	0	4,238
<b>Through September 30, 2004</b>		
Obligations	228	36,053
Expenditures	228	29,810
Unliquidated	0	6,243
<b>Prior Year Unobligated Funds</b>		
Obligations	0	1,103
<b>Planned Fiscal Year 2005 NOA</b>		
Obligations	0	5,575
<b>Total Planned Fiscal Year 2005</b>		
Obligations	0	6,678
<b>Proposed Fiscal Year 2006 NOA</b>		
Obligations	0	5,050
Future Obligations	0	5,450
Est. Total Cost	228	53,231